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LB 338

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *

	FY 2003-04		FY 2004-05	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(See Below)		(See Below)
CASH FUNDS	\$12,049,000	\$12,049,000	\$13,025,000	\$13,025,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$12,049,000	\$12,049,000	\$13,025,000	\$13,025,000

*Does not include impact on political subdivisions. See narrative for political subdivision estimates.

LB 338 increases taxes on liquor and places the proceeds in a newly created Substance Abuse Treatment Fund. A Substance Abuse Treatment and Policy Advisory Committee is established. The sixteen member committee is required to meet at least six times per year with a primary responsibility to make recommendations on the distribution formula for the newly created fund. The advisory committee is required to employ a Support Group Administrator and members are reimbursed for actual and necessary expenses. Intent language provides that \$450,000 from the Substance Abuse Treatment Fund will be used for the operations of the advisory committee. The operative date of the bill is July 1, 2003.

The bill increases the per gallon liquor tax by the following amounts: \$.18 – Beer; \$.60 – Light Wine; \$1.10 – Fortified Wine; and \$2.10 spirits. The proceeds of the tax increases are placed in the Substance Abuse Treatment Fund. The estimated annual fiscal impact of the tax increases is \$12,049,000 in 2003-04 (11 months) and \$13,025,000 in 2004-05. The estimate is an average of the estimates provided by the Department of Revenue and the Liquor Control Commission. The Department of Revenue's estimate assumes consumption will decrease and the Liquor Control Commission's estimate assumes a constant level of consumption.

If consumption decreases as projected by the Department of Revenue, then there will also be a decrease in revenue for the General Fund from current liquor taxes. The fiscal note prepared by the Department of Revenue estimates a minimal decrease in General Fund revenue of \$47,133 in 2003-04 and \$82,402 in 2004-05 based on decreased consumption.

The bill provides that \$450,000 of the \$13 million raised annually from liquor tax increases will be allocated to the Substance Abuse Treatment and Policy Advisory Committee. The remaining funds, or about \$12.7 million each year, will be allocated by the Legislature for substance abuse treatment based upon recommendations of the advisory committee.